

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 30, 2014

Mr. Troy Valenzuela
Vice President, Environmental Health & Safety
Plains Pipeline, L.P.
333 Clay Street, Suite 1600
P.O. Box 4648
Houston, TX 77002

CPF 5-2014-5010W

Dear Mr. Valenzuela:

Between July 2013 and September 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Operations and Maintenance (O&M) procedures and records at your headquarters in Houston, Texas, and field facilities in Casper, Wyoming.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §195.579 What must I do to mitigate internal corrosion?

(c) Removing pipe. Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under Sec. 195.585, you must investigate circumferentially and longitudinally beyond the removed pipe (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the removed pipe.

Per §195.579, the operator must inspect the internal surface of any pipe that is removed from a pipeline to determine if there is evidence of internal corrosion. Also, per Plains Pipeline's

Operations and Maintenance Procedures Manual Appendix C, all regulated pipelines must be inspected for internal and external corrosion whenever exposed. During the records review portion of the inspection, it was determined that an internal inspection was not performed on a cutout portion of pipe on the Kirby to Casper 12" line which began on 4/24/2012, and completed on 10/24/2012. Therefore, Plains Pipeline did not comply with the requirements of Part 195.579(c). Plains Pipeline must inspect the internal surface of any pipe that is removed to determine if there is evidence of corrosion.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Plains Pipeline, L.P. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2014-5010W** and for each document you submit please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 D. Hubbard (#142643)